

AUDITING AND CERTIFICATION OF MANAGEMENT SYSTEMS IN AN UNSTABLE ECONOMIC ENVIRONMENT

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HIGHEST INFLATION RATES

Highest Monthly Inflation Rates in History				
Country	Month with highest inflation rate	Highest monthly inflation rate	Equivalent daily inflation rate	Time required for prices to double
Hungary	July 1946	1.30 x 10 ¹⁶ %	195%	15.6 hours
Zimbabwe	Mid-November 2008 (latest measurable)	79,600,000,000%	98.0%	24.7 hours
Yugoslavia	January 1994	313,000,000%	64.6%	1.4 days
Germany	October 1923	29,500%	20.9%	3.7 days
Greece	November 1944	11,300%	17.1%	4.5 days
China	May 1949	4,210%	13.4%	5.6 days

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ZWD 2×10^{13}



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TRENDS FOR 3RD PARTY CERTIFICATION 2000 - 2007

	% GROWTH 2006 - 2007	% GROWTH 2000 - 2007	No of Certs 2007
China	29.90	721.50	210773
Italy	9.04	279.88	115359
Japan	-9.12	243.08	73176
Spain	13.14	417.75	65112
India	12.51	711.18	46091
Germany	-2.72	39.06	45195
USA	-19.29	29.06	36192
UK	-13.18	-27.67	35517
France	7.64	33.84	22981
Netherlands	0.37	2432.27	18992
South Africa	0.74	-4.95	3283

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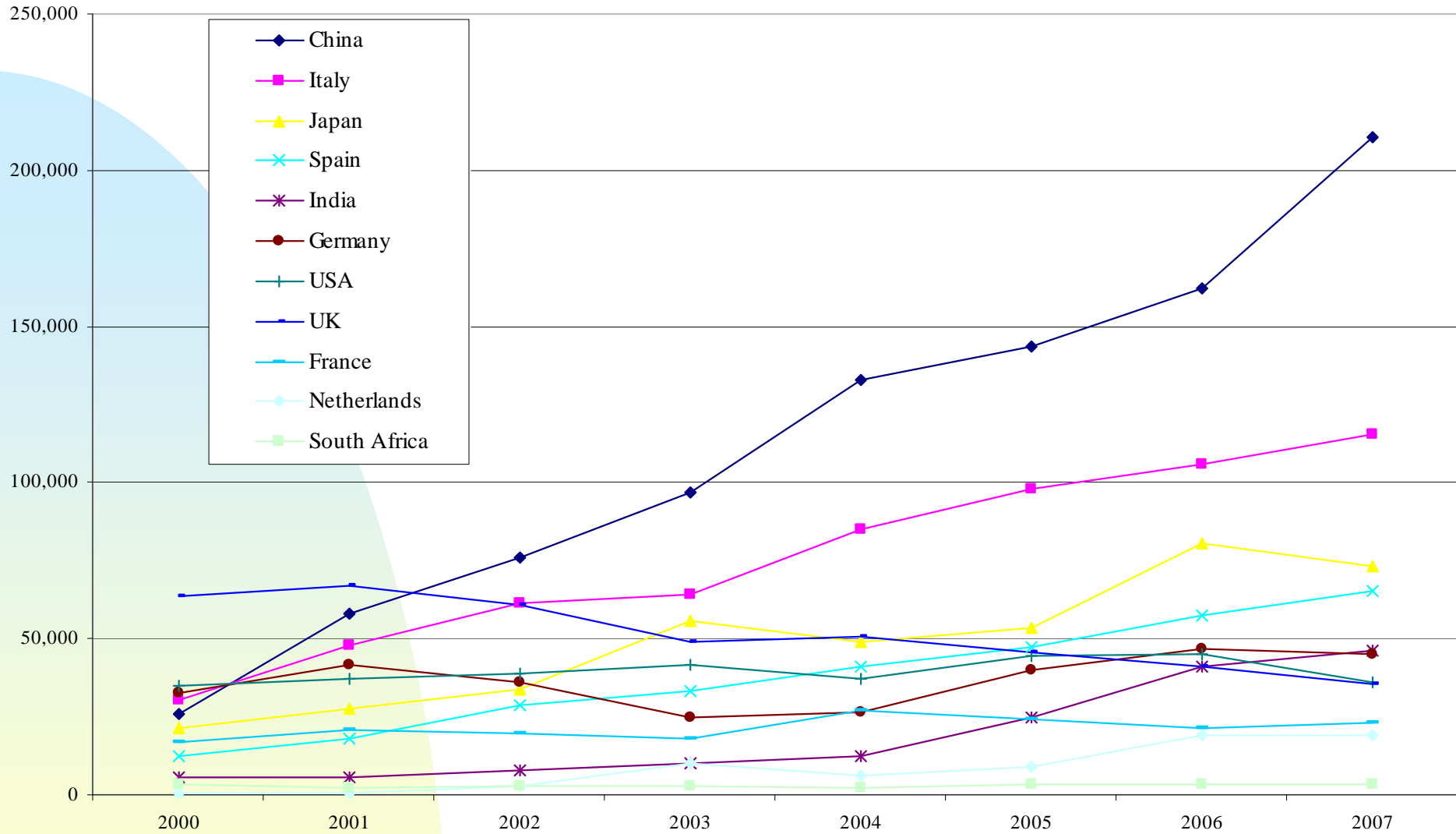
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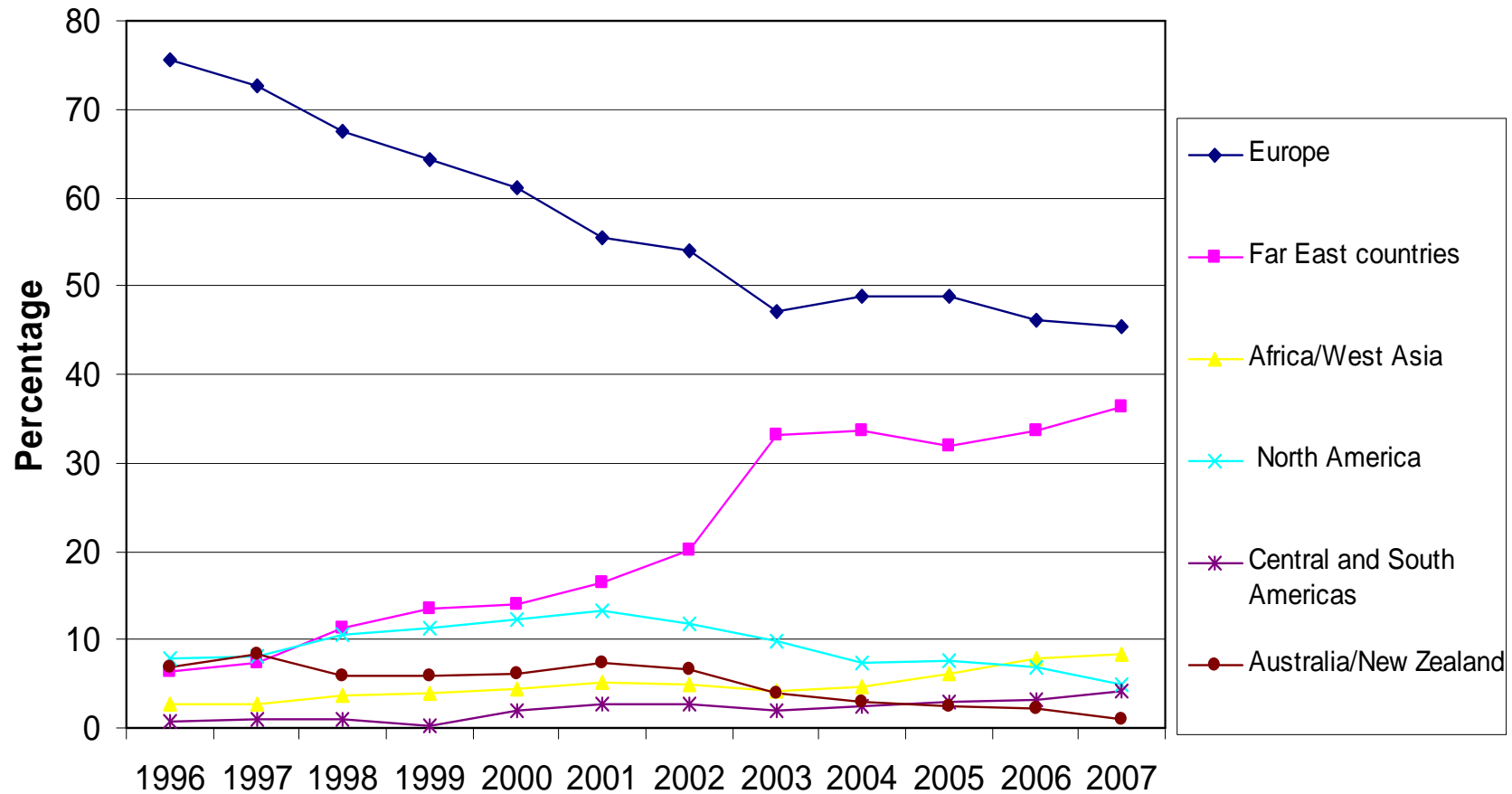
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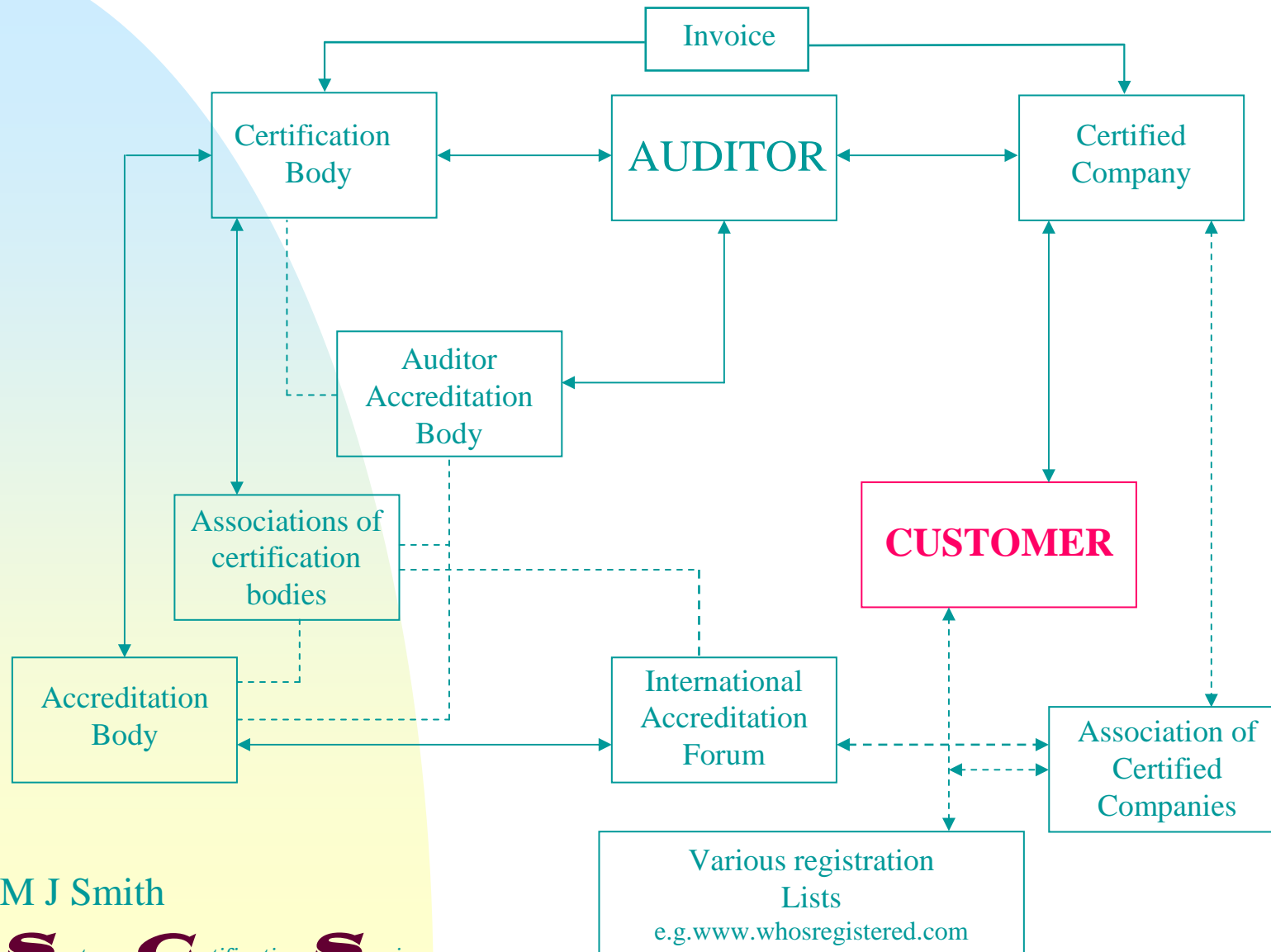
PERCENT TOTAL CERTIFICATES



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RELATIONSHIPS AS PART OF THE AUDIT PROCESS AFTER CERTIFICATION



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QMS RELATIONSHIPS

DOCUMENTATION	<ul style="list-style-type: none">■ Difficulties keeping up with rapid changes in business processes
MANAGEMENT	<ul style="list-style-type: none">■ Planning problems in an environment that is subject to frequent violent changes■ Objectives are focused on survival■ Communication processes come from behind■ Customer communication is maintained but the principle no pay no delivery applies

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QMS RELATIONSHIPS

RESOURCES

- Extremely difficult to manage
- Human resources have immense difficulties managing retrenchment
- Personnel are in survival mode wondering where the next meal is coming from when transport costs exceed the salary
- Infrastructure is difficult to maintain with forex constraints
- The work environment is depressing having to manage with what is available

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QMS RELATIONSHIPS

MANUFACTURING PROCESSES

- Planning can be from minute to minute
- Customers –no pay now with order – nothing
- Purchasing – often managed over a couple of days –get paid and buy from wherever – quotes can be valid for the time the rep is on site or for an hour so after faxing or emailing resulting in instant decisions
- For repair and maintenance industries customer property can be on site for a long time – and then either company can go out of business

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QMS RELATIONSHIPS

MANUFACTURING PROCESSES	<ul style="list-style-type: none">■ Calibration is an issue because traceability needs forex and that is a problem
ANALYSIS AND IMPROVEMENT	<ul style="list-style-type: none">■ Difficult to manage when the data is obsolete almost before it is gathered■ Corrective action is formulated and has to be based on existing available resources■ Preventive action is virtually permanent to keep the business viable

SUGGESTED PRINCIPLES FOR AUDITING

- Maintain a management approach to the four critical components:
 1. Cash flow
 2. Net margin
 3. Product
 4. Delivery

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CERTIFICATION

**CERTIFICATION CAN BE RECOMMENDED
UNDER THESE CONDITIONS**

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QUESTION

**HOWEVER FOR THOSE THAT RUN AWAY CAN
THIS BE CLASSED AS DISCRIMINATION**

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